



MALANA POWER COMPANY LIMITED

CIN No. : U40101HP1997PLC019959

Financial Statement

2015 - 16

31st, March 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Malana Power Company Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Malana Power Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India



S.R. BATLIBOI & CO. LLP

Chartered Accountants

of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

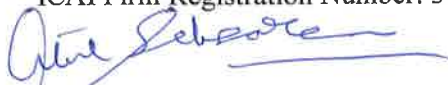
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26, 30 and 31 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Atul Seksaria**

Partner

Membership Number: 86370

Place: **NOIDA**

Date: **2 MAY 2016**



Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Malana Power Company Limited (the Company)

- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to information and explanations given by the management the title deeds of immovable properties included infixed assets are held in the name of the company. These title deeds have been given as security (mortgage and charge) against the term loans taken from banks and accordingly the original title deeds are kept with the Security Trustee- IDBI Trusteeship Services Limited, as security for the lenders.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) The Company has granted loan to its subsidiary company (i.e. AD Hydro Power Limited – ADHPL where it holds 88% in share capital and thus has substantial interest) covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the loan are not prima facie prejudicial to the Company’s interest.
- (b) As informed to us and as per the terms of subordinated Loan agreement between the Company and ADHPL, the loan granted and interest thereon is repayable only once all obligations to the senior lenders have been paid and discharged in full. Accordingly, the Company has not demanded repayment of any such loan and interest thereon during the year and there has been no default on the part of the parties to whom the money has been lent.
- (c) There is no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are outstanding for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to generation of electricity from hydro-electric power, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, customs duty, value added tax, cess and other material statutory dues applicable to it. The provisions relating to employees’ state insurance and excise duty are not applicable to the Company. According to the information and explanations given to us, no such statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



- (b) According to the records of the Company, the dues outstanding of income tax on account of any dispute, are as follows.

Name of the Statute	Nature of the Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of expenses under Section 14A	15.85*	Assessment Year 2008-09	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Disallowance of expenses under Section 14A, excess disallowance claimed u/s 80IA and disallowance of common expenses.	34.07*	Assessment Year 2009-10	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Disallowance of expenses under Section 14A, excess disallowance claimed u/s 80IA	68.75	Assessment Year 2011-12	Income Tax Appellate Tribunal, New Delhi
Income Tax Act, 1961	Disallowance of expenses under Section 14A, excess disallowance claimed u/s 80IA	38.70	Assessment Year 2012-13	CIT (Appeals), New Delhi
Income Tax Act, 1961	Disallowance of expenses under Section 14A, excess disallowance claimed u/s 80IA	71.19	Assessment Year 2013-14	CIT (Appeals), New Delhi

* Though, these demands have been adjusted by the Assessing Officer against refunds for subsequent assessment years, the Company has not contested the same.

- (viii) In our opinion and according to information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution or banks. The Company did not have any outstanding dues in respect of debentures during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer/debt instruments. Further, in our opinion and according to the information and explanations given by the management, that the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.



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- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005


per **Atul Seksaria**

Partner

Membership Number: 86370



Place : **NOIDA**

Date: **2 MAY 2016**

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MALANA POWER COMPANY LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Malana Power Company Limited

We have audited the internal financial controls over financial reporting of Malana Power Company Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of



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unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E /E300005

per **Atul Seksaria**
Partner

Membership Number: 86370



Place: **NOIDA**

Date: **2 MAY 2016**

Malana Power Company Limited
Balance Sheet as at March 31, 2016

	Notes	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Equity and liabilities			
Shareholders' funds			
(a) Share capital	3	14,752.57	14,752.57
(b) Reserves and surplus	4	85,965.40	80,877.22
		<u>100,717.97</u>	<u>95,629.79</u>
Non-current liabilities			
(a) Long-term borrowings	5	19,063.20	18,900.00
(b) Deferred tax liabilities	6	3,402.10	3,132.78
(c) Long-term provisions	7	68.20	71.77
		<u>22,533.50</u>	<u>22,104.55</u>
Current liabilities			
(a) Trade payables (other than micro enterprises and small enterprises)	8	417.30	187.04
(b) Other current liabilities	8	511.70	2,775.56
(c) Short-term provisions	7	96.77	168.07
		<u>1,025.77</u>	<u>3,130.67</u>
TOTAL		<u><u>124,277.24</u></u>	<u><u>120,865.01</u></u>
Assets			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	12,574.05	12,970.02
(ii) Intangible assets	9	0.96	0.96
(b) Non-current investments	10	49,295.56	49,295.56
(c) Loans and advances	11	49,944.99	49,618.87
(d) Other non-current assets	12	11,573.76	7,482.14
		<u>123,389.32</u>	<u>119,367.55</u>
Current assets			
(a) Inventories	13	217.05	248.34
(b) Trade receivables	14	466.03	73.82
(c) Cash and bank balances	15	82.83	1,103.18
(d) Loans and advances	11	118.52	70.82
(e) Other current assets	16	3.49	1.30
		<u>887.92</u>	<u>1,497.46</u>
TOTAL		<u><u>124,277.24</u></u>	<u><u>120,865.01</u></u>

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S. R. Batliboi & Co. LLP

ICAI Firm Registration Number: 301003E/E300005

Chartered Accountants

per Atul Seksaria

Partner

Membership No. : 86370



Place : NOIDA

Date : 2 May 2016

For and on behalf of the Board of Directors of
Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-

Tima Iyer Utne
Director
DIN:-06839949

O.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 2 MAY 2016



Malana Power Company Limited
Statement of Profit & Loss for the year ended March 31, 2016

	Notes	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Income			
Revenue from operations (net)	17	7,918.76	8,677.12
Other Income	18	5,727.82	139.68
Total Revenue		13,646.58	8,816.80
Expenses			
Wheeling Cost		272.10	317.55
Open access charges		300.07	367.63
Employee benefits expense	19	869.59	808.46
Other expenses	20	811.18	1,208.55
Depreciation and amortisation expense	21	423.05	1,091.27
Finance costs	22	2,458.47	2,681.80
Exceptional items	39	2,124.00	-
Total expenses		7,258.46	6,475.26
Profit / (Loss) before tax		6,388.12	2,341.54
Tax expense			
Current tax (Minimum Alternate Tax)		1,363.33	521.01
Less : MAT Credit Entitlement		(332.71)	-
Deferred tax		269.32	935.70
Total tax expense		1,299.94	1,456.71
Profit/ (Loss) for the year		5,088.18	884.83
Earnings per equity share [nominal value of share Rs.10 (31 March 2015:Rs.10)]			
Basic and diluted	23	3.45	0.60

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. Batliboi & Co. LLP
ICAI Firm Registration Number: 301003E/E300005

Chartered Accountants

per Atul Seksaria
Partner

Membership No. : 86370



For and on behalf of the Board of Directors of
Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
DIN:-
00060972

Tina Iyer Ume
Director
DIN:-06839949

Place : NOIDA
Date : 2 MAY 2016

G.P. Ajmera
CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 2 MAY 2016



Malana Power Company Limited
Cash flow statement for the year ended March 31, 2016

	March 31, 2016 Rs. in lacs	March 31, 2015 Rs. in lacs
Cash flow from operating activities		
Profit before tax	6,388.12	2,341.54
Adjustments to reconcile PBT to net Cash flows		
Depreciation	423.05	1,091.27
Loss / (Profit) on sale of fixed assets	(4.86)	(7.66)
Interest expense	2,216.00	2,587.78
Provision for doubtful advances	-	144.13
Interest income	(99.07)	(102.73)
Surrender value of keyman insurance policy	-	(2.23)
Operating profit before working capital changes	8,923.24	6,052.10
Movement in working capital :		
- (Increase)/decrease in trade receivables	(392.21)	(13.70)
- (Increase)/decrease in loans and advances	229.69	13.01
- (Increase)/decrease in other current assets	(2.19)	(0.05)
- (Increase)/decrease in inventories	31.29	(10.80)
- (Decrease)/increase in current liability	(4,030.37)	26.55
- (Decrease)/increase in trade payable	230.26	18.86
- (Decrease)/increase in provision	(15.66)	10.24
Cash generated from operations	4,974.05	6,096.21
Direct tax paid (net of refund)	1,755.25	412.60
Net cash flow from / (used in) operating activities (A)	3,218.80	5,683.61
Cash flow from investing activities		
Purchase of fixed assets (including capital work in progress)	(36.33)	(24.10)
Proceeds from sale of fixed assets	14.11	8.69
Interest received	99.07	102.73
Fixed deposit placed	-	(4.30)
Net cash flow from / (used in) investing activities (B)	76.85	83.02
Cash flow from financing activities		
Repayment of long term loan	(2,700.00)	(2,700.00)
Proceeds from long -term borrowings	600.00	-
Interest paid	(2,216.00)	(2,587.78)
Net cash from / (used in) financing activities (C)	(4,316.00)	(5,287.78)
Net Increase / (decrease) in cash and cash equivalents (A+B+C)	(1,020.35)	478.85
Cash and cash equivalents at the beginning of the year	1,071.00	592.15
Cash and cash equivalents at the end of the year	50.65	1,071.00
Components of cash and cash equivalents		
Cash on hand	2.02	4.37
Deposits with original maturity of less than 3 months	-	800.00
With banks - on current account	48.63	266.63
Total cash & cash equivalents (Note no. 15)	50.65	1,071.00

Summary of significant accounting policies 2.1

The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 "Cash Flow Statement" of the Companies (Accounts) Rules, 2014

As per our report of even date
For S. R. Batliboi & Co. LLP
Firm Registration Number: 301003E/E300005
Chartered Accountants

per Atul Seksaria
Partner
Membership No. : 86370



For and on behalf of the Board of Directors
of Malana Power Company Limited

Ravi Jhunjhunwala
Chairman and Managing Director
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CEO and CFO

Arvind Gupta
Company Secretary
M.No.:-F7690

Place : NOIDA
Date : 2 MAY 2016

Place : NOIDA
Date : 2 MAY 2016



MALANA POWER COMPANY LIMITED

Notes to Financial Statements for the year ended 31 March 2016

1. Corporate Information

Malana Power Company Limited (hereinafter referred to as 'the Company') is engaged in the generation of hydro electric power and development of hydro power projects. The Company has the necessary permission from the Government of Himachal Pradesh to own, operate & maintain the project and sell power for a period of forty years from the date of commercial operation i.e. July 5, 2001 with the option to avail a further extension for a maximum period of twenty years after renegotiation of terms and conditions..

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except for the change in accounting policy as explained below:

2.1 Summary of Significant Accounting Policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation / amortisation less impairment losses if any. The cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized

(c) Depreciation / Amortization on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives prescribed under Schedule II of the Companies Act 2013.. The Company has used the following rates to provide depreciation on its fixed assets.



MALANA POWER COMPANY LIMITED

Notes to Financial Statements for the year ended 31 March 2016

	<u>Useful life (Years)</u>
Buildings other than factory buildings	60
Plant and Machinery used in generation, transmission and distribution of power	40
Civil Work	40
Factory Buildings	30
Plant and Machinery	15
Electrical Installations	10
Furniture and Fixtures	10
Roads	10
Vehicles	8
Computers and Data processing equipments	3-6
Office equipments	5
Software	3

The depreciation was provided in accordance with the Schedule II to the Companies Act, 2013.

(d) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

(e) Intangible Asset

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight line basis over the estimated useful economic life of 3 to 5 years.

The intangible assets are assessed for impairment whenever there is indication that the intangible asset may be impaired. The amortization period and the amortization method are reviewed at least at each financial year end.

Gains or losses arising from recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(f) Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.



(g) Leases

Where the Company is the lessee

Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

(h) Investment

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(i) Inventories

Inventories comprising of components and stores and spares are valued at lower of cost and net realizable value. Cost is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(j) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Electricity

Revenue from sale of electricity is recognised on the basis of billable electricity (over and above free supply to Himachal Pradesh's State Government) scheduled to be transmitted to the customers, which approximates the actual electricity transmitted.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest Income is included under the head 'Other Income' in the Statement of P&L.

Voluntary emission rights (VER)

Revenue is recognized as and when the VER's are certified and ultimate collections are made for the same.

(k) Foreign currency translation

Foreign currency transactions and balances

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.



MALANA POWER COMPANY LIMITED

Notes to Financial Statements for the year ended 31 March 2016

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(l) Retirement and other employee benefits

- (i) Retirement benefits in the form of Provident Fund and superannuation scheme are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund/trust.
- (ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- (iii) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the year-end.
- (iv) The Company presents its gratuity and leave as current and non-current based on the actuarial valuation.
- (v) Actuarial gains / losses are immediately taken to statement of profit and loss in the period in which they incur and are not deferred.

(m) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or



MALANA POWER COMPANY LIMITED

Notes to Financial Statements for the year ended 31 March 2016

virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(n) Provisions

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(o) Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(p) Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.



3. Share Capital

	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Authorized Shares 160,000,000 (previous year 160,000,000) equity shares of Rs. 10 each	16,000.00	16,000.00
Issued, Subscribed and fully paid-up shares 147,525,731 (previous year 147,525,731) equity shares of Rs 10 each fully paid	14,752.57	14,752.57

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	March 31, 2016		March 31, 2015	
	No. of shares	Amount (Rupees in lacs)	No. of shares	Amount (Rupees in lacs)
Shares outstanding at the beginning of the year	147,525,731	14,752.57	147,525,731	14,752.57
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	147,525,731	14,752.57	147,525,731	14,752.57

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates

	March 31, 2016		March 31, 2015	
	No. of shares	Amount (Rupees in lacs)	No. of shares	Amount (Rupees in lacs)
Bhilwara Energy Limited, the holding company	75,238,123	7,523.80	75,238,123	7,523.80

(d) Details of shareholders holding more than 5% shares in the Company

Equity shares of Rs. 10 each fully paid up	March 31, 2016		March 31, 2015	
	No. of shares	% Holding	No. of shares	% Holding
Name of the Share Holders				
Bhilwara Energy Limited	75,238,123	51.00%	75,238,123	51.00%
Stakraff Holding Singapore Pte Limited (earlier known as SN Power Holding Singapore Pte Limited)	72,287,608	49.00%	72,287,608	49.00%

As per the records of the Company, including its register of shareholders/members, the above shareholding represents both legal & beneficial ownership of shares.

4. Reserves & surplus

	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Securities premium account	32,545.67	32,545.67
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	48,331.55	47,446.72
Add: profit/(loss) for the year	5,088.18	884.83
Net surplus in the statement of profit and loss	53,419.73	48,331.55
Total reserves and surplus	85,965.40	80,877.22



5 Long term borrowings

	Non Current Position		Current Maturities	
	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Term loans				
Indian rupee loan from banks (secured)	19,063.20	18,900.00	436.80	2,700.00
TOTAL	19,063.20	18,900.00	436.80	2,700.00
The above amount includes				
Secured Borrowings	19,063.20	18,900.00	436.80	2,700.00
Amount disclosed under the head "other current liabilities" (refer note 8)	-	-	(436.80)	(2,700.00)
	19,063.20	18,900.00	-	-

The Company has taken Indian Rupee term loans from IDBI Bank Rs 8,600 lacs (previous year Rs 16,000 lacs)

The Company has re-structured existing loan and reduced exposure to Rs 8,600 lacs carrying interest at base rate plus 0.90% i.e. currently @ 10.65% per annum (previous year 11.50% per annum) secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis. This loan repayable in structured 54 quarterly installments commencing from 30th June 2016 and ending on 30th September 2029.

The Company has taken Indian Rupee term loans from ICICI Bank Rs 6,000 lacs (previous year Rs NIL) carrying interest at base rate plus 1.30% currently @ 10.65% per annum (previous year 11.50% per annum) secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis. This loan repayable in structured 54 quarterly installments commencing from 30th June 2016 and ending on 30th September 2029.

The Company has taken Indian Rupee term loans from IDFC Infra Debt FIs Rs 4,900 lacs (previous year Rs NIL) carrying interest at base rate plus 1.35% currently @ 10.65% per annum (previous year NIL) per annum secured against first mortgage and charge on the movable and immovable assets both present and future on pari passu basis. repayable in structured 54 quarterly installments commencing from 30th June 2016 and ending on 30th September 2029.

6. Deferred tax liabilities

	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	3,394.96	3,125.64
Others	7.14	7.14
Deferred tax liabilities	3,402.10	3,132.78

7. Provisions

	Long-term		Short-term	
	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Provision for employee benefits				
Provision for gratuity (refer note 33)	-	-	17.61	25.04
Provision for leave benefits	68.20	71.77	1.54	6.20
TOTAL	68.20	71.77	19.15	31.24
Other Provision				
Provision for income tax (net of advance tax of Rs 3,848.12 lacs)	-	-	77.62	136.83
TOTAL	68.20	71.77	96.77	168.07

8. Trade Payables and Other current liabilities

	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Trade payables	417.30	187.04
Other current liabilities		
Current maturities of long term borrowings (refer note 5)	436.80	2,700.00
Sundry deposits	29.17	27.70
Statutory dues payable	45.73	47.86
TOTAL	511.70	2,775.56



9. Tangible and Intangible assets

	(Rupees in lacs)											
	Gross Block					Depreciation/amortisation					Net Block	
	As at Apr 01, 2015	Additions	Deletions/ Adjustments	As at Mar 31, 2016	As at Apr 01, 2015	Additions	Deletions/ Adjustments	As at Mar 31, 2016	As at Mar 31, 2016	As at Mar 31, 2015		
(i) Tangible Assets												
Civil Work	18,427.27	-	-	18,427.27	11,285.01	237.40	-	11,522.41	6,904.86	7,142.26		
Freehold Building and Roads	3,258.51	-	-	3,258.51	1,692.79	33.96	-	1,726.75	1,531.76	1,565.72		
Computers	52.63	-	1.72	50.91	47.92	1.44	1.69	47.67	3.24	4.71		
Electric Installations	151.87	3.51	-	155.38	137.13	1.43	-	138.56	16.82	14.74		
Freehold Land	213.36	-	-	213.36	-	-	-	-	213.36	213.36		
Furniture and Fixtures	47.17	0.10	5.90	41.37	38.84	1.32	3.56	36.60	4.77	8.33		
Office Equipments	49.17	3.89	-	53.06	39.34	6.62	-	45.96	7.10	9.83		
Plant & Machinery	9,379.86	-	-	9,379.86	6,040.64	113.62	-	6,154.26	3,225.60	3,339.22		
Transmission Line	1,996.71	-	-	1,996.71	1,354.03	20.71	-	1,374.74	621.97	642.68		
Vehicles	108.94	28.83	39.64	98.13	79.77	6.55	32.76	53.56	44.57	29.17		
Total	33,685.49	36.33	47.26	33,674.56	20,715.47	423.05	38.01	21,100.51	12,574.05	12,970.02		
(ii) Intangible Assets												
Software	59.29	-	-	59.29	58.33	-	-	58.33	0.96	0.96		
Total	59.29	-	-	59.29	58.33	-	-	58.33	0.96	0.96		
Grand Total	33,744.78	36.33	47.26	33,733.85	20,773.80	423.05	38.01	21,158.84	12,575.01	12,970.98		

Notes :

- 1) Freehold building and roads includes cost of road Rs.1,228.38 lacs (Previous year 1,228.38 lacs) constructed on forest land diverted for the project under irrevocable right to use.
- 2) Transmission Lines includes Rs.41.81 lacs (Previous year Rs. 41.81 lacs) towards cost of land and compensation paid to Forest Department for construction of Transmission towers under irrevocable right to use.



10. Non current investments

	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Trade Investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiary (refer note 28)	49,295.56	49,295.56
492,955,640 (Previous year 492,955,640) equity shares of Rs 10 each fully paid of AD Hydro Power Limited (pledged with security trustee on behalf of lenders of AD Hydro Power Limited)		
TOTAL	49,295.56	49,295.56

11. Loans and advances

(Unsecured, considered good unless otherwise stated)	Non Current Position		Current Maturities	
	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Capital advances				
Advance for Bara Banghal project [including Rs. 681.88 lacs (Previous year Rs. 681.88 lacs) towards consultancy and other expenses on the project] (Unsecured, considered doubtful) (Refer note 30)	6,801.84	6,801.89	-	-
Less : Provision against upfront premium/other expenditure for Bara Banghal Project	(3,741.84)	(3,741.84)	-	-
Security deposits	30.05	30.05	-	-
Advances recoverable in cash and kind	-	-	107.20	59.50
Loans & advance to subsidiary company (Refer note 28 & 32)	46,380.00	46,380.00	-	-
Other loans & advances Unsecured, considered good				
Advance tax (net of provision of Rs. 4,736.77 lacs)	142.19	142.19	-	-
MAT credit entitlement	332.71	-	-	-
Loans to employees	0.04	6.58	11.32	11.32
TOTAL	49,944.99	49,618.87	118.52	70.82

12. Other non current assets

(Unsecured, considered good unless stated otherwise)	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Interest accrued on loan given to subsidiary company	11,552.75	7,461.13
Surrender value of keyman insurance policy	21.01	21.01
TOTAL	11,573.76	7,482.14

13. Inventories

(valued at lower of cost and net realisable value)	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Stores and spares [including material lying with third parties Rs 0.22 (previous year Rs. Nil)]	217.05	248.34
TOTAL	217.05	248.34

14. Trade receivables (Current)

(Unsecured, considered good unless stated otherwise)	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Other receivables	466.03	73.82
TOTAL	466.03	73.82

15. Cash and bank balances

	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Cash and cash equivalents		
Balances with banks in:		
- Current accounts	48.63	266.63
Deposits with original maturity for less than 3 months	-	800.00
Cash on hand	2.02	4.37
	50.65	1,071.00
Other bank balances		
Margin money deposit (held as security)	30.18	30.18
Deposits with original maturity for more than 3 months but less than 12 months	2.00	2.00
	32.18	32.18
TOTAL	82.83	1,103.18

Fixed Deposits of Rs. 2.00 lacs (previous year Rs. 2.00 lacs) pledged with Him Government Sales Tax Department



16. Other current assets

	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Interest accrued on banks deposits	3.49	1.30
TOTAL	3.49	1.30

17. Revenue from operations

	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Revenue from operations		
Sale of power	7,858.57	8,928.42
Revenue from operations (gross)	7,858.57	8,928.42
Less : Discount on prompt payments	74.23	94.16
Less : Handling charges	-	73.70
Less : Unscheduled interchange charges	(51.39)	69.42
Less : Professional charges	16.42	14.02
Other operating income		
Transmission charges received	99.45	-
Revenue from operations (Net)	7,918.76	8,677.12

18. Other income

	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Interest on bank deposits	101.26	102.68
Interest on sub debt	5,101.80	-
Interest other	20.58	-
Sale of voluntary emission reductions (VER)	16.31	16.31
Surrender value of keyman insurance policy	-	2.23
Transmission Charges	354.35	-
STU Charges	102.03	-
Profit on fixed assets sold/discarded	4.86	7.66
Miscellaneous income	26.63	10.80
TOTAL	5,727.82	139.68

19. Employee benefits expenses

	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Salaries, wages and bonus	634.87	583.84
Director's remuneration	136.52	130.53
Contribution to provident and other funds	40.85	36.60
Gratuity expenses	17.61	25.04
Workmen and staff welfare expenses	39.74	32.45
TOTAL	869.59	808.46

20. Other expenses

	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Rent	35.83	39.20
Power and fuel	46.63	48.20
Repair and maintenance		
- Buildings	6.24	5.86
- Plant and machinery	236.70	324.92
- Others	12.38	19.95
Rates and taxes	0.12	2.08
Insurance	139.72	144.79
Payment to auditor	19.39	17.78
Communication costs	17.41	20.25
Printing and stationery	4.81	5.73
Travelling and conveyance	74.81	68.43
Membership fees and subscriptions	2.94	11.97
Legal and professional fees	100.77	120.25
Provision for doubtful advances	-	144.13
Social welfare expenses	10.75	58.95
CSR expenses (Refer note 38)	9.17	5.15
Miscellaneous expenses	93.51	170.91
TOTAL	811.18	1,208.55

Payment to Auditor

As auditor:		
- Audit fee	11.45	11.40
- Fees for consolidation	1.15	1.14
- Fees for international reporting	4.58	4.56
In other capacity		
- Fees for other services	0.74	-
- Out of pocket expenses	1.47	0.68
TOTAL	19.39	17.78



21. Depreciation and amortisation expenses

	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Depreciation on tangible assets	423.05	1,088.21
Amortization of Intangible assets	-	3.06
TOTAL	423.05	1,091.27

22. Finance cost

	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
Interest and other finance costs		
- on term loans from banks and financial institutions	2,216.00	2,587.78
Upfront fees and loan processing charges	178.53	-
Other bank charges	63.94	94.02
TOTAL	2,458.47	2,681.80

23. Earning / (Loss) per share (EPS)

	March 31, 2016 (Rupees in lacs)	March 31, 2015 (Rupees in lacs)
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit/loss after tax as per statement of profit and loss	5,088.18	884.83
Weighted average number of equity shares in calculating basic and diluted EPS	1,475.26	1,475.26
Basic and diluted earnings per share in Rupees (face value of Rs 10)	3.45	0.60



MALANA POWER COMPANY LIMITED

Notes to Financial Statements for the year ended 31 March 2016

24. Segment Reporting

The Company's activities during the year involved generation of the hydro power (Refer Note 1). Considering the nature of Company's business and operations, there are no separate reportable segments (business and/ or geographical) in accordance with the requirements of Accounting Standard 17 'Segment Reporting' issued by the Companies (Accounts) Rules, 2014 and hence, there are no additional disclosures to be provided other than those already provided in the financial statements.

25. The Company is eligible for tax holiday under Section 80-IA of the Income Tax Act, 1961. The Company is liable to pay Income-Tax for the period under the provisions of Section 115JB of the Income-Tax Act, 1961.

26. Contingent Liabilities

- (a) Guarantees
(Rs. in lacs)

Particulars	As at March 31,2016	As at March 31, 2015
Guarantees:- The Company has provided Corporate/Default Guarantee to FIs/Banks for the loans extended by them to AD Hydro Power Limited (subsidiary company)		
1. The amount of outstanding loans covered by such guarantees	72,594.14	80,390.79
2. Under the terms of the said guarantee the maximum amount for which the company may be contingently liable during the next 12 months	4,567.15	8,000.00

- (b) In respect of assessment year 2008-09, the Assessing Officer had disallowed certain proportion of the expenses as expenses incurred towards the exempt income under Section 14A and other expenses under the Income Tax Act, 1961 and raised a demand of Rs. 15.85 lacs. In response to appeal filed by the Company, part relief has been granted by the Commissioner of Income Tax (Appeals). No demands are pending as on date, as the company has paid tax under MAT provisions. Income tax department and the Company have preferred further appeal before the ITAT, New Delhi, against which orders are yet to be received.
- (c) In respect of assessment year 2009-10, 2010-11 and 2011-12, the Assessing Officer/s had disallowed certain proportion of the expenses as expenses incurred towards the exempt income under Section 14A, and denied the claim of the company to treat the income from carbon credit as capital receipt not subject to tax and raised a demand of Rs. 34.07lacs, Nil and Rs.68.75 lacs, respectively. In response to appeal filed by the Company, part relief has been granted by the Commissioner of Income Tax (Appeals). No demands are pending as on date, as the company has paid tax under MAT provisions. Income tax department and the Company have preferred further appeal before the ITAT, New Delhi, which is pending for hearing/ orders.
- (d) In respect of assessment year 2012-13 and 2013-14, , the Assessing Officer/s had disallowed certain proportion of the expenses as expenses incurred towards the exempt income under Section 14A, deduction under Section 80IA and other expenses under the Income Tax Act, 1961 and raised a demand of Rs.38.70 lacs and Rs.71.19 lacs. The company has preferred further appeal before the CIT Appeals which is pending for hearing/ final orders.
- (e) Wheeling charges claimed by Himachal Pradesh State Electricity Board not acknowledge as debt amounting to Rs 1,011.74lacs to wheel or transfer energy from Bajaura sub station to 400 kV substation of Powergrid Corporation of India(Powergrid) limited at Nalagarh (i.e. interstate point)
- (f) During the financial year 2014-15, Government of Himachal Pradesh has taken a decision to charges lease amount for the diverted forest land retrospectively vide demand order dated August 27, 2014 against 61 hectares of duly diverted forest land, towards the lease money for the period from July 19, 1999 to July 18, 2014, for a sum of Rs.1,385.41lacs . Further, it directed company to pay lease money of Rs. 1677.50lacs per annum form July 19, 2014 which is subject to an increase of 5% of total lease amount after every 5 years. Based on the above the total lease rent demand as on March 31, 2016 works out to be Rs. 4,217.05lacs.

The company has filed a writ petition before Hon'ble High Court of Himachal Pradesh which has granted stay on demand. Pending decision of the High Court, no additional provision has been deemed necessary in the financial statements in this regard



MALANA POWER COMPANY LIMITED

Notes to Financial Statements for the year ended 31 March 2016

Based on expert inputs, management believes that these demand and any possible demand for other assessment years to be raised by Income Tax Authorities on similar grounds, is unlikely to crystallize and there is a fair chance of decision in its favor.

27. Other commitments

- a) Malana Power Company Limited has entered into agreement with Himachal Pradesh State Electricity Board (HPSEB) to wheel or transfer energy from Bajaura sub station to 400 kV substation of Powergrid Corporation of India (Powergrid) limited at Nalagarh (i.e. interstate point). The company has agreed to pay wheeling charges. This, being firm commitment, is recognized as an expense, on receipt of monthly bills from HPSEB under the head 'Wheeling Charges' in the statement of profit and loss.
- b) At March 31, 2016, the Company has committed for non-disposal of its investment in subsidiary AD Hydro Power Limited to its lenders (similar commitment was there in the previous year also).



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MALANA POWER COMPANY LIMITED

Notes to Financial Statements for the year ended 31 March 2016

28. Related Party Disclosures

(a) Names of related parties where control exists and with whom transactions have taken place during the year.

Holding Company	Bhilwara Energy Limited
Subsidiary Company	AD Hydro Power Limited
Enterprises having significant influence over the Company	Statkraft Holding Singapore PTE Limited (Formerly SN Power Holding Singapore Pte Ltd. Singapore)
Fellow Subsidiary Companies	Indo Canadian Consultancy Services Limited,
Key Management Personnel	Mr. Ravi Jhunjunwala, Chairman & Managing Director
Relatives of key management personnel	Mrs. Rita Jhunjunwala (wife of the Chairman & Managing Director) Mr. Riju Jhunjunwala (son of the Chairman & Managing Director) Mr. Rishabh Jhunjunwala (son of the Chairman & Managing Director)
Enterprises owned or significantly influenced by key management personnel or their relatives	HEG Limited, RSWM Limited

Additional related parties as per Companies Act, 2013 with whom transactions have taken place during the year

CEO and CFO	Mr. O.P Ajmera
Company Secretary	Mr. Arvind Gupta



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MALANA POWER COMPANY LIMITED

Notes to Financial Statements for the year ended 31 March 2016

(b) Transaction with related parties

(Rupees in lacs)

Transaction with related parties Nature of Transaction	Holding Company/ Enterprises having significant influence over the Company		Subsidiary/Fellow subsidiary Company		Key Management Personnel *		Relative of Key Management Personnel		Enterprise over which key management personnel /relative having significant influence	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Transactions during the year										
Rent										
a) Mrs. Ritahumjhuwala	-	-	-	-	-	-	18.15	17.43	-	-
b) Mr. RishabhJhurjhuwala	-	-	-	-	-	-	17.61	16.92	-	-
c) Mr. RijuJhurjhuwala	-	-	-	-	-	-	17.61	16.92	-	-
d) RSWM Limited	-	-	-	-	-	-	-	-	35.80	35.32
Consultancy service charges paid to Indo Canadian Consultancy Services Limited	-	-	15.83	56.97	-	-	-	-	-	-
Remuneration paid to Mr. Ravi Jhumjhuwala,	-	-	-	-	136.14	130.53	-	-	-	-
Remuneration paid to Mr. O.P.Ajmera	-	-	-	-	141.64	121.60	-	-	-	-
Remuneration paid to Mr. Arvind Gupta	-	-	-	-	12.13	7.12	-	-	-	-
Reimbursement of expenses paid to HEG Limited	-	-	-	-	-	-	-	-	5.76	5.14
Reimbursement of expenses paid to RSWM Limited	-	-	-	-	-	-	-	-	18.67	19.11
Reimbursement of expenses paid to Bhilwara Energy Limited	4.10	2.39	-	-	-	-	-	-	-	-
Reimbursement of expenses recovered from Bhilwara Energy Limited	47.10	74.32	-	-	-	-	-	-	-	-



MALANA POWER COMPANY LIMITED

Notes to Financial Statements for the year ended 31 March 2016

Nature of Transaction	Holding Company/ Enterprises having significant influence over the Company	Subsidiary/Fellow subsidiary Company	Key Management Personnel *	Relative of Key Management Personnel	Enterprise over which key management personnel / relative having significant influence
Reimbursement of expenses paid to Indo Canadian Consultancy Services Limited	-	0.02	-	-	-
Business Support given by Bhilwara Energy Limited for execution of AD Hydro HEP	2,123.98	-	-	-	-
Reimbursement of expenses paid to AD Hydro Power Limited	-	1.78	-	-	-
Reimbursement of expenses recovered from AD Hydro Power Limited	-	0.26	-	-	-
Interest on unsecured loan given to AD Hydro Power Limited	-	5,101.80	-	-	-
Balances outstanding as at the year end					
Balances Receivable:					
Receivable from Bhilwara Energy Limited	1.00	-	-	-	-
Statkraft Markets Private Limited	0.39	0.40	-	-	-
Investment in AD Hydro Power Limited	-	49,295.56	-	-	-
Unsecured Loan recoverable from AD Hydro Power Limited	-	46,380.00	-	-	-
Interest amount recoverable on Unsecured Loan	-	11,552.75	-	-	-
Balances Payable:					
Payable to HEG Limited	-	-	-	-	5.76
Payable to RSWM Limited	-	-	-	-	-
Guarantees given by the Company on behalf of AD Hydro Power Limited	-	4,567.15**	-	-	10.22
	-	8,000.00**	-	-	-

* Remuneration paid does not include provision made for compensated absences and gratuity as the same are determined for the Company as a whole.

**The Company has also given default corporate guarantee for loan availed by AD Hydro Power Limited, subsidiary company, from IL&FS Infrastructure Debt Fund (IDF) in respect of debentures(refer note 26)



MALANA POWER COMPANY LIMITED

Notes to Financial Statements for the year ended 31 March 2016

29. Leases**In case of assets taken on Operating Lease:**

Office premises and vehicles are obtained on cancellable operating leases. All these leases have a lease term varying between 3 to 5 years. There are no restrictions imposed by lease arrangements. There are no subleases.

Particulars	(Rs in lacs)	
	March 31, 2016	March 31, 2015
Lease payments for the year	35.80	35.32

30. In respect of 200 MW Bara Banghal project in state of HP for which the Company had bid and paid an upfront premium of Rs. 6,120 lacs, the Company has decided to shelve off the same as the State Hydro Power Policy is not aligned with MOEF Policy of GOI which prohibits the implementation of a hydro power project in wild life /eco sensitive zone areas. In view of this, the Company has filed a full amount refund claim along with interest. The provision of 50% of Rs. 3,060 lacs recorded in the earlier years shall be written back at the time of acceptance of refund.
31. The Company has filed a Petition with CERC on 06.11.2014 for recovery of excess UI and handling charges, claiming that they have been wrongly charged by HPSEBL bearing number 449/MP/2014. Company has estimated an amount of recovery of Rs.863.90lacs approximately towards excess UI and Rs. 517.6 lacs towards handling charges. The same would be accounted for after the issue of the final order.
32. In respect of the unsecured loan of Rs.46,380.00 lacs (sub-debt) to the subsidiary company, AD Hydro Power Limited given in the earlier years, the Company has decided to restart charging interest from this year as the operations of the subsidiary Company have become profitable.

33. Gratuity (AS 15- Revised)

The Company has a defined benefit gratuity plan. Gratuity (being administered by a Trust) is computed as 15 days of last drawn salary for every completed year of service or part thereof in excess of 6 months and is payable on retirement / termination / resignation. The benefit vests on the employee completing 5 years of service. The Gratuity plan for the Company is a defined benefit scheme where annual contributions are deposited with a Gratuity Trust Fund established to provide gratuity benefits. The Trust Fund has taken a Scheme of Insurance, whereby these contributions are transferred to the insurer. The Company makes provision of such gratuity asset/ liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method.

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet:

Net employee benefits expense (recognised in Employee Cost):
(Rs. in lacs)

Particulars	March 31, 2016	March 31, 2015
Current Service Cost	9.83	10.18
Interest cost on benefit obligation	11.41	9.52
Expected return on plan assets	(9.78)	(7.06)
Net actuarial (gain)/ loss recognised in the year	6.14	12.39
	17.61	25.04
Net benefit expense		
Actual return on plan assets	(9.16)	(16.15)



MALANA POWER COMPANY LIMITED

Notes to Financial Statements for the year ended 31 March 2016

Details of Provision for Gratuity:

(Rs. in lacs)

Particulars	March 31, 2016	March 31, 2015
Defined benefit obligation	168.65	147.28
Fair value of plan assets	151.05	122.24
Surplus / (Deficit)	(17.61)	(25.04)
Less: Unrecognised past service cost	-	-
Net asset / (liability) recognized in Balance Sheet	(17.61)	(25.04)

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in lacs)

Particulars	March 31, 2016	March 31, 2015
Opening defined benefit obligation	147.28	112.01
Interest cost	11.42	9.52
Current service cost	9.83	10.19
Benefits paid	(5.40)	(5.92)
Actuarial (gains)/ losses on obligation	5.52	21.48
Closing defined benefit obligation	168.65	147.28

Changes in the fair value of plan assets are as follows:

(Rs. in lacs)

Particulars	March 31, 2016	March 31, 2015
Opening fair value of plan assets	122.24	88.26
Expected return	9.78	7.06
Contributions by employer	25.04	23.75
Benefits paid	(5.40)	(5.92)
Actuarial gains / (losses)	(0.62)	9.09
Closing fair value of plan assets	151.05	122.24

The defined benefit obligation amounting to Rs. 168.65lacs is funded by assets amounting to Rs. 151.05lacs and the Company expects to contribute Rs. 17.61lacs during the next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2016	March 31, 2015
	%	%
Investments with insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	March 31, 2016	March 31, 2015
	%	%
Discount Rate	8.00	7.75
Expected rate of return on assets	8.00	8.00
Future Salary Increase	6.00	6.00
Withdrawal rate	1 to 3	1 to 3

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



MALANA POWER COMPANY LIMITED

Notes to Financial Statements for the year ended 31 March 2016

Amounts for the current and previous four years are as follows: (Rs. in lacs)

Particulars	(Rs. in lacs)				
	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012
Defined benefit obligation	168.65	147.28	112.01	92.72	73.94
Plan assets	151.05	122.24	88.26	81.26	57.02
Surplus / (deficit)	(17.61)	(25.04)	(23.75)	(11.46)	(16.92)
Experience adjustments on plan liabilities	(9.31)	(11.67)	(18.31)	(5.53)	(10.31)
Experience adjustments on plan assets	(0.62)	(7.77)	(0.09)	2.75	(0.23)

Defined Contribution Plan

(Rs. in lacs)

Particulars	March 31, 2016	March 31, 2015
Contribution to Provident Fund	32.87	23.88
Contribution to Superannuation Fund	3.91	4.00
Total	36.78	27.88

Policy on Superannuation

On December 19, 2011, the Company has revised its superannuation benefit policy with effect from April 1, 2009, whereby the annual contribution in respect of each member payable by the employer shall be 15% subject to maximum of Rs. 1.00 lakh per annum. However, as the annual CTC of many employees contains component of superannuation in excess of Rs. 1.00 lacs, superannuation amount in excess of Rs. 1.00 lakh in CTC is being paid to the employee subject to tax deducted at source.

34. Particulars of Unhedged Foreign Currency Exposure as at the Balance Sheet date

Particulars	March 31, 2016	March 31, 2015
Foreign Currency Loan	NIL	NIL

35. Imported and indigenous stores and spare parts consumed (included under respective heads of statement of profit & loss) :

Particulars	Percentage of total consumption		Value (Rs. in lacs)	
	2015-16	2014-15	2015-16	2014-15
Stores & Spares				
- Imported	-	-	-	-
- Indigenously obtained	100	100	77.60	142.09
Total	100	100	77.60	142.09

36. Earnings in foreign currency (accrual basis)

Particulars	2015-16 (Rs in lacs)	2014-15 (Rs in lacs)
Others (Sale of Voluntary Emission Rights)	16.31	16.31

37. Expenditure in foreign currency, net of TDS (accrual basis)

Particulars	2015-16 (Rs in lacs)	2014-15 (Rs in lacs)
Travelling and Conveyance	3.02	1.41
Repair and maintenance – Others	2.20	12.12



38. Corporate social responsibility

- (a) Gross amount required to be spent by the Company during the year –Rs. 24.50 Lacs
 (b) Amount spent during the year on :

(Rs. in lacs)

	Particulars	In cash	Yet to be paid in Cash	Total
(i)	Construction / acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	9.17	-	9.17

39. Exceptional items represents the one time Business Support Services incurred in accordance with the Shareholder's Agreement entered into between Bhilwara Energy Limited and Statkraft Holding Singapore PTE Limited.

40. Previous year's figures

Previous year figures have been regrouped / reclassified, where necessary, to conform to current year's classification.

As per our report of even date

For S.R. Batliboi & Co. LLP

ICAI Firm Registration No: 301003E/E300005

Chartered Accountants



Per Atul Seksaria
Partner


Membership No.86370

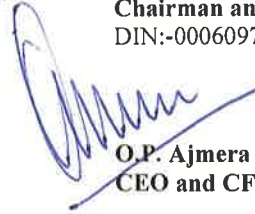
Place: NOIDA
Date: 2 MAY 2016



For and on behalf of the Board of Directors of
Malana Power Company Limited


Ravi Jhunjunwala
Chairman and Managing Director
DIN:-00060972


Tima Iyer Utne
Director
DIN:- 06839949


O.P. Ajmera
CEO and CFO


Arvind Gupta
Company Secretary
M.No.:- F-7690

Place: NOIDA
Date: 2 MAY 2016

